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Pacific Business News (Honolulu) - April 21, 2003
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PACIFIC BUSINESS NEWS

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Fleming bankruptcy hasn't affected local food chain

Pacific Business News (Honolulu) - April 18, 2003 by Debbie Sokei Pacific Business News

Local grocery stores haven't experienced a disruption in supplies from Fleming Cos. Inc., the state's largest wholesale grocery distributor, which filed for Chapter 11 bankruptcy protection April 1.

But they remain cautious.

It's business as usual for Foodland Super Market Ltd., said Sheryl Toda, director of corporate communications. However, the store has a backup plan just in case.

"We have secured backup suppliers in the event we do run into problems," she said.

Toda said Foodland's other suppliers -- Suisan Co. Ltd., Y. Hata & Co. and Webco Hawaii Inc. -- will pick up the slack if necessary. Fleming supplies Foodland with nearly half of its paper products, meats, seafood, canned goods and general merchandise, she said.

Fleming, a Lewisville, Texas-based company, listed \$4.2 billion in assets and \$3.5 billion in debts in its bankruptcy filing. On Wednesday, the company filed a motion in the U.S. Bankruptcy Court in Wilmington, Del., seeking approval for a \$150 million senior secured debtor-in-possession financing facility. The creation of a trade lien on company assets would provide further financial assurance and protection to trade terms from the vendors who participate in the trade lien program, the motion said. The motion is expected to be heard April 21.

"Fleming is focused on continuing to stabilize its operations and ensuring timely and reliable distribution to customers," said Pete Willmott, interim president and CEO. "We recognize this can be accomplished only through building liquidity for our company and providing further financial assurances and protections to trade vendors, who are key to our ability to effectively serve customers."

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That's good news for Roger Godfrey, head of Times Super Market.

"At this point we think everything will be fine for us," Godfrey said. And, so far, Fleming has not missed a delivery, he said.

"We think they are going to work their problems out," he added. "They are working through the courts right now."

But if service starts to slow down, Godfrey said he has made arrangements with some mainland grocery distributors, such as Food 4 Less, based in Stockton, Calif., to help out if necessary.

Fleming also supplies Daiei, 7-Eleven Hawaii and Longs Drugs. Local Fleming officials could not be reached for comment.

Y. Hata & Co. has picked up some of Fleming's customers since the company filed for bankruptcy, said Laurence Vogel, president and CEO.

"[It's a] very insignificant amount and we don't expect there will be any more for the time being unless something happens that we don't anticipate," Vogel said.

Y. Hata is one of the state's largest food-service suppliers whose clientele includes the military, schools, prisons and restaurants.

Vogel said he is optimistic Fleming will work out its financial problems but added, "If push comes to shove and somebody has to help and step in, we will certainly consider how to help the industry here."

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